

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 1386

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION EC BRUSSELS

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5. DURING USEFUL, WIDE-RANGING DISCUSSION OF MTN AND RELATED PROBLEMS WITH CONFINDUSTRIA DIRECTOR GENERAL MATTEI AND TRADE EXPERTS FRAENKEL-HAEBERLE AND SBROCCA, CONFINDUSTRIA REPS FOCUSED ON: (A) IMPORTANCE OF FURTHER TARIFF LIBERALIZATION; (B) ACCESS TO SUPPLIES; (C) POTENTIAL UNFAIR COMPETITION RESULTING FROM MORE FAVORABLE ACCESS TO RAW MATERIALS; AND (D) COUNTERVAILING DUTIES. CONFINDUSTRIA REPS EXPRESSED HOPE THAT FURTHER TARIFF LIBERALIZATION WOULD NOT BE NEGLECTED IN MTN BECAUSE OF INCREASED EMPHASIS ON NON-TARIFF MEASURES (NTM). FROM CONFINDUSTRIA VIEWPOINT, THERE IS NEED TO REDUCE EXCESSIVELY HIGH RATES WHICH STILL EXIST FOR SOME PRODUCTS IN NEARLY ALL COUNTRIES AND TO REDUCE MARGIN OF PREFERENCE ENJOYED INTER ALIA BY

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LDC SUPPLIERS. AS COUNTRY ALMOST TOTALLY DEPENDENT UPON

IMPORTED RAW MATERIALS, ITALY HAS VITAL INTEREST IN DEVELOPING/ENFORCING SYSTEM WHICH WOULD ENSURE EQUITABLE ACCESS TO SUPPLIES. THIS COULD BE MTN'S MOST VALUABLE CONTRIBUTION TO WORLD TRADING SYSTEM, BUT IT REMAINS TO BE SEEN WHETHER KEY SUPPLIERS, SOME OF WHOM ARE NOT GATT MEMBERS, WILL ACCEPT SUCH OBLIGATIONS. EVEN IF ACCESS CAN BE ASSURED THERE REMAINS PROBLEM OF NEW INDUSTRIES WHICH WILL BE ESTABLISHED IN RAW MATERIAL PRODUCING COUNTRIES AND WHICH WILL HAVE ACCESS TO SIGNIFICANTLY CHEAPER RAW MATERIALS, E.G., PETROCHEMICAL PLANTS WHICH ARE BEING BUILT IN MIDDLE EAST FOR PRODUCER GOVERNMENTS. THE ADVERSE IMPACT ON ESTABLISHED INDUSTRIES OF SUCH UNFAIR COMPETITION COULD BE DISASTROUS. CONFINDUSTRIA RECOGNIZES PROBLEM BUT AS YET HAS NO SUGGESTIONS ON HOW TO DEAL WITH IT. AS EXPECTED, CONFINDUSTRIA REPS HAD STRENUOUS OBJECTIONS TO US COUNTERVAILING DUTIES BASED ON REGIONAL AIDS OR VALUE ADDED TAX REFUNDS AND SUGGESTED COUNTERVAILING DUTIES PROBLEM SHOULD BE PRIORITY ITEM FOR MTN. AMBASSADOR DENT FORCEFULLY REMINDED CONFINDUSTRIAL REPS THAT IN ABSENCE EXPORT SUBSIDIES THERE WOULD BE NO COUNTERVAILING DUTY QUESTION AND THAT COUNTERVAILING DUTIES-SUBSIDIES ISSUE WOULD HAVE TO BE DISCUSSED TOGETHER.

6. MINISTRY FOREIGN TRADE (MFT) DELEGATION, HEADED BY DIRECTOR GENERAL FRACASI IN ABSENCE FROM ROME OF MINISTER NDI MITA AND UNDER SECRETARY SUNESE, EXPRESSED GREAT-EST INTEREST IN: (A) MANAGEMENT OF MTN; (B) ACCESS TO RAW MATERIALS; (C) AGRICULTURE; AND (D) MULTINATIONAL CORPORATIONS (MNC). DISCUSSING MANAGEMENT OF MTN, AMBASSADOR DENT SAID USG HOPES TO IDENTIFY PRIORITY AREAS AT JULY TNC MEETING AND THEN, BY NOVEMBER, TO HAVE REACHED AGREEMENT ON AREAS IN WHICH CONCLUSIONS MIGHT BE POSSIBLE. HOPE FULLY, IN 1976 AGREEMENTS COULD BE REACHED IN AT LEAST SOME OF THESE AREAS; MTN PARTICIPANTS SHOULD MOVE AS FAST AS POSSIBLE ON EASIER QUESTIONS RATHER THAN ATTEMPTING TO STRUCTURE NEGOTIATIONS AS ONE ALL-ENCOMPASSING PACKAGE. AMBASSADOR DENT EMPHASIZED NEED TO MOVE AHEAD RAPIDLY ONCE ECONOMIC UPTURN OCCURS AND SAID HE HOPED MTN WOULD BE CONCLUDED WELL BEFORE US NEGOTIATING AUTHORITY EXPIRES. MFT THINKING ON ACCESS TO RAW MATERIALS PARALLELED LIMITED OFFICIAL USE

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CONFINDUSTRIA PRESENTATION. FRACASSI EXPRESSED APPRECIATION FOR SECRETARY KISSINGER'S RECENT SPEECHES INDICATING NEW US ATTITUDE TOWARD PROBLEMS OF ENERGY, RAW MATERIALS AND FOOD SUPPLIES. MFT REPS EXPRESSED DISSATISFACTION WITH COMMON AGRICULTURAL POLICY (CAP) AS NOT SUITED TO ITALY'S SPECIAL NEEDS, BUT SAW LITTLE PROSPECT FOR (EVEN REASONABLE) CHANGE BECAUSE OF FRENCH ATTITUDE. CONSEQUENTLY, GOI UNSURE HOW MUCH PROGRESS COULD BE MADE IN

AGRICULTURE DURING MTN. ROLE OF MNC'S IN INTERNATIONAL  
TRADE AND INVESTMENT BRIEFLY DISCUSSED, WITH MFT REPS NOTING  
ITALY ENCOURAGES INVESTMENT IN ITALY, ESPECIALLY  
IN MEZZAGIORNO (SOUTH ITALY, SICILY AND SARDINIA), WHILE  
SEVERAL OF ITALY'S MAJOR COMPANIES(ENI, MONTEDISON, FIAT,  
PIRELLI, ETC.) OPERATE ON WORLDWIDE BASIS. GOI ATTITUDE  
ON MNC'S THEREFORE CLOSELY PARALLELS THAT OF USG.  
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## Message Attributes

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